

Heathrow Airport Limited

Specified Activities

Trading Statements

Year ended 31 March 2014

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Trading Statements for the year ended 31 March 2014

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Introduction

This document sets out the actual costs and income in respect of Specified Activities undertaken by Heathrow Airport Limited (HAL) for the period 1 April 2013 to 31 March 2014.

2013/14 is the sixth year of Q5 and is known as Q5+1. The quinquennium was originally planned to finish in March 2013, however, the Civil Aviation Authority (CAA) reached agreement with Heathrow and the airlines to extend Q5 by one year to 31 March 2014 in order to accommodate the timing of changes in legislation. Details of the extension decision can be found in the CAA documents 'Extending the current public interest conditions at Heathrow and Gatwick airports - the CAA's decision' (April 2011) and 'Extending the current price regulation at Heathrow and Gatwick airports: the CAA's decision' (March 2011).

1. Background

The CAA prescribes conditions as to the cost information which should be made available to users for a number of products and services at Heathrow (known as Specified Activities). This is in accordance with Section 73 of The Airports Act 1986.

The designation of Specified Activities for Q5+1 is derived from Chapter 6 and Annex D in The CAA Decision as follows:

- Check-in Desks
- Common Use Self Service Machines (CUSS)
- Baggage Systems
- Other Desk Licences
- Staff Car Parking
- Airside Licences
- Utilities:
 - Electricity
 - Fixed Electrical Ground Power (FEGP)
 - Gas
 - Heating and Ventilation
 - Water and Sewerage
- Security Documentation
- Bus and Coach Services
- Hydrant Re-fuelling
- Airside parking

- Cable Routing
- Maintenance

The conditions on cost information are set out in Annex D of The CAA Decision. In particular:

*'By 31 December 2008 and by 31 December in each subsequent year HAL shall provide to the CAA statements of actual costs and revenues in respect of each of the facilities specified in paragraph 7 for the year ending the previous 31 March.'*¹

These statements take the form of Trading Statements (The Statements) which are prepared annually in compliance with the CAA's conditions on cost information. The basis for The Statements is HAL's Profit Centre Reporting System (PCR), which allocates costs to activities and which is reviewed annually by the auditors as part of their review of costs and revenues for Specified Activities. In some cases, the PCRs are adjusted to take account of notional revenues for HAL's own usage, and to replace accounting depreciation with a charge to reflect remuneration of the capital investment.

Charges for Passengers with Restricted Mobility (PRMs) were not included as a Specified Activity in The CAA Report. However there is a requirement under Article 8, of EC1107_2006 to prepare an annual overview of charges received and expenses made in respect of the assistance provided to disabled persons and persons with reduced mobility. To fulfil this obligation a Statement for PRMs has been included in this report.

This document contains The Statements for Specified Activities and PRMs for the 2013/14 financial year and is submitted to the Heathrow Other Regulated Charges Group (ORCG) and to the CAA and is available at www.heathrowairport.com/orc.

2. Accounts

The PCR figures included in the attached Statements and the Statements themselves have been prepared by HAL and have been reviewed by external auditors, Deloitte LLP. The review, consisting of agreed upon procedures has been carried out in accordance with a defined scope of work as set out in a separate engagement letter with Heathrow and the auditors do not express an opinion on their findings.

A number of adjustments are made to the PCR figures e.g. inclusion of notional HAL income, in order to derive the complete income and costs for each activity. Where applicable the third party share of income is then calculated and used to determine the third party share of costs. Another adjustment is made to Allocated Costs and Annuities (see note 4 below), and the final result for each activity can be seen in the last column of each Statement. In order to reflect the true underlying under/over recovery for the year, adjustments are made at the bottom of the Statements to remove income elements relating to the prior year's result.

PCR figures and adjustments are presented as unrounded numbers.

3. Cost types

The Statements include the following cost categories:

- Direct costs – costs which are directly related to the delivery of the relevant Specified Activity.

¹ Airport Regulation, Economic Regulation of Heathrow and Gatwick Airports 2008-2013, CAA Decision, 11 March 2008

- Indirect charges – costs which are directly related to the delivery of the relevant Specified Activity but which are captured by other Cost Centres. These are charged on the basis of actual measured usage or by specific means of allocation, related to use.
- Allocated costs – costs incurred by HAL which are not directly related to delivery of the Specified Activity, but where a proportion is allocated by methodology set out in HAL’s Transparency Statement.
- Annuities – annualised costs derived from annuity calculations relating to capital expenditure which is reasonably attributable to the relevant Specified Activity. Annuity calculations are based on an assumed asset life and calculated using a rate of 8% for assets and 6% for land.

4. Table 6-3

The Statements show the full cost for each activity. However, Chapter 6 of the CAA Decision makes reference to projections of Non-Regulated Charges income at Heathrow. The projections are set out in Table 6-3. This data is intended as a transparent benchmark against which airlines can measure any subsequent changes and against which HAL is required to explain variances arising from changes in input costs and/or assumed volumes.

The Statements therefore show adjustments to bring Allocated Costs and Annuities back to the Table 6-3 level plus a cumulative RPI adjustment of 20.68% (sourced from the Office of National Statistics), as Table 6.3 is in 2007/08 prices.

5. Prices

For pricing information please refer to General Notice 02/12.

6. Explanatory notes

Baggage, Check-in desks and Common Use Self Service Machines (CUSS)

In 2013/14 Baggage charges continue to be set against departing bags. A standard rate per bag of £3.38 was set by dividing a cost base of £120.4m by a forecast of 35.6m departing bags.

Check-in desk billing was on the same basis as 2012/13 i.e. a time based unit charge and continues to include charges for CUSS.

The income and cost projections in Table 6-3 included Check-in and Baggage as a single line. However pricing is carried out separately and therefore the 13/14 Statements have split the results for Baggage and Check-in and CUSS.

Other Desk Licences

Income from Other Desks (e.g. Departures, Arrivals, and Ticket Desks) is derived by licence fees to individual users. These fees were established some years ago and are subject to annual adjustment in line with pre-agreed indices through consultation with the AOC and users. In view of this, the pricing methodology is not directly cost based. However, the related costs are estimated in the attached Statement.

For the purposes of Table 6-3, no separate income assumption was shown. This is because the income was included within the general property income line. The attached Statement uses the applicable apportionment.

Staff Car Parking

Income from Staff Car Parking is derived from sales of car park passes. Separate tariffs apply for the airport perimeter and terminal adjacent (known as CTA passes) areas. The price includes an annual £14 levy on each pass in order to help fund public transport initiatives.

Staff Car Parks are shared by HAL and other users. The attached Statement therefore follows the approach used in previous years, of assessment as a total with apportionment then applied to the HAL and other user elements, based on consumption. This ensures that income and cost are allocated equally. The cost base includes an annuity in respect of the car park infrastructure.

Airside Licences

Income is derived from the sale of Airside Licences to users and prices are agreed by the Airport Users Committee (AUC).

The attached Statement therefore follows the approach used in previous years, of assessment as a total with apportionment then applied to the HAL and other user elements, based on consumption. This ensures that income and cost are allocated equally.

Electricity

Income is derived from charges to airport users for electricity supply. There are separate charges for different voltage types.

Electricity prices up to and including 1992/93 were based on PCR costings. In 1993 HAL sold its electrical distribution system to LES Ltd, now known as UKPNS. At that time a commitment was given to the Airline Operators Committee (AOC) that users would not be disadvantaged by the sale. In order to ensure and demonstrate that this was the case, a slightly different approach was adopted in relation to electricity. It was agreed with the AOC that future Electricity Trading Statements should use the pre-sale position, i.e. 1992/93 as a base and index forward for future years. Actuals are used for income (including uplift for HAL consumption), electricity cost and additional investment made by UKPNS and HAL. The annuity and allocated costs are then adjusted to agree back to Table 6-3 plus RPI.

Airport electricity supply is shared by HAL and other users. The attached Statement therefore follows the approach used in previous years, of assessment as a total with apportionment then applied to the HAL and other user elements, based on consumption. This ensures that income and cost are allocated equally.

In 2013/14, Heathrow issued invoices to third party occupiers at the airport for electricity costs that were incurred in previous regulatory years. An adjustment has been included in the 2013/14 Trading Statements to reflect the appropriate increase in direct costs, calculated from the year of consumption.

Fixed Electrical Ground Power (FEGP)

Income from FEGP is derived from a time-based unit charge to individual users. The electricity cost is per the rate in the General Notice published for the applicable regulatory year.

Gas

Income is derived from the sale of gas to individual airport users, mainly for Heating and Ventilation purposes. The majority of gas utilisation is by HAL and third party use represents a small proportion of the total. Nevertheless, the attached Heating and Ventilation Statement follows the approach used in previous years, of assessment as a total with apportionment then applied to the HAL and other user elements, based on consumption. This ensures that income and cost are allocated equally.

Heating and Ventilation

Heating from the major boilerhouses (448, 523, T4 and the T5 Energy Centre) is generally charged as a rental per square foot, but some are charged on a unit price per kilo watt hour (kWh). Rates vary between contracts, but each contains provision for a supplementary charge or credit based on the results for each calendar year to compensate for any over or under recovery.

PCR Trading Statements for heating are based on results as at financial year end 2013/14 and do not form the basis for any pricing decisions.

Heating rents are escalated by agreement with the AOC Rents Group.

Water and Sewerage

Income is derived from charges to airport users for water supply and sewerage services (excluding de-icing facilities). There are separate charges for water only and water plus sewerage. Please refer to General Notice for more detail.

Airport water and sewerage services are shared by HAL and other users. The attached Statement therefore follows the approach used in previous years, of assessment as a total with apportionment then applied to the HAL and other user elements, based on consumption. This ensures that income and cost are allocated equally.

In 2013/14, Heathrow issued invoices to third party occupiers at the airport for water and sewerage costs that were incurred in previous regulatory years. An adjustment has been included in the 2013/14 Trading Statements to reflect the appropriate increase in direct costs, calculated from the year of consumption.

Security Documentation

Income is derived from charges to airport users for the supply of staff ID cards and vehicle apron passes.

This service is shared by HAL and other users. The attached Statement therefore follows the approach used in previous years, of assessment as a total with apportionment then applied to the HAL and other user elements, based on consumption. This ensures that income and cost are allocated equally.

Bus and Coach Services

Income is recovered based on movement charges with operators.

All categories of bus and coach (public, charter, off airport hotel coaches and off airport courtesy coaches) under recovered in 2013/14 by £4.3m following the adjustment of annuity and indirect costs to the Table 6-3 levels plus inflation. The Public Bus Services account for most of the under-recovery, due to considerable capital investment within the Central Bus Station in recent years and increased costs. HAL waived charges for local bus operators in January 1995 in exchange for commitments from the local bus operators that the sums

not charged by HAL would be invested in initiatives for sustainable and staff travel, but continues to include a notional income in respect of these movements.

Passengers with Restricted Mobility (PRMs)

Income is recovered from airlines on a rate per departing passenger based on a variable charging model depending on levels of pre-notification of PRMs.

Other Specified Activities

The majority of income from Hydrant Refuelling is attributable to a lease of the Heathrow fuel hydrant system granted to the Heathrow Fuel Consortium. The income in 2013/14 was £8.0m.

Airside Parking relates to a number of small parcels of land attached to airside buildings which are rented to third parties for use as parking areas. The income generated is not material.

The income from Maintenance Rentals (which excludes baggage system maintenance which is recovered separately) in 2013/14 amounted to £5.7m and is included in the various property related profit centres which are not specified facilities. The current rentals per square foot have evolved from an initial base uplifted each year in accordance with appropriate indices. Income from Service Charges in 2013/14 amounted to £1.0m.

No income is derived specifically from the provision of Cable Routing through the airports infrastructure although it may form part of the Minor Facility Licences fee, but is not specifically identified. The income generated is not material.

Baggage, Check-in desks & CUSS
Trading Statement 2013/14
Summary

	Baggage 2012/13 £'000	Check-in & CUSS 2012/13 £'000	Total 2012/13 £'000	Baggage 2013/14 £'000	Check-in & CUSS 2013/14 £'000	Total 2013/14 £'000
Income	114,890	4,916	119,806	121,798	5,530	127,328
London 2012 Olympic and Paralympic Games adjustment	2,956	898	3,854	0	278	278
Expenditure						
Staff	7,682		7,682	4,469		4,469
Property Related	22,649	1,260	23,909	23,501	1,293	24,794
Maintenance & Equipment	57,740	2,302	60,042	61,774	2,533	64,307
General Expenses	12,168		12,168	10,197		10,197
Capitalisation of Revenue	0			(90)		(90)
Amortisation	0	756	756	0	685	685
Indirect Charges	8,937		8,937	9,656		9,656
Allocated Costs	7,381	820	8,202	7,594	844	8,438
London 2012 Olympic and Paralympic Games	2,956	900	3,856	0	278	278
Total Expenditure	119,513	6,039	125,552	117,102	5,633	122,736
Net (Under) / Over Recovery	(1,668)	(225)	(1,892)	4,696	175	4,871
Prior year (under) / over recovery as per Trading Statements	2,407	303	2,711	740	79	819
Total (Under)/Over Recovery at 31 March	740	79	820	5,436	254	5,690
3rd party share			100%			100%
Pricing						
Charge per departing bag	£3.22			£3.38		
Charge per desk per day		£21.68			£21.68	

Baggage
Trading Statement 2013/14
Detail - with adjustment to Table 6-3

	PCR £'000	Less Check-in & CUSS	PCR Adjust £'000	Non Rechargeable £'000	Trading Statement £'000	Adjustments Head of Stand £'000	Total £'000	Adjustment to Table 6-3 £'000 Note	Adjusted Trading Statement £'000
Income	125,292	(5,476)	3,030		122,846	(1,048)	121,798	1/2	121,798
Direct Expenditure									
Staff	7,542			(3,072)	4,469		4,469	3	4,469
Property Related	15,039	(1,002)	9,474	(9)	23,501		23,501	4	23,501
Maintenance & Equipment	65,047	(955)	880	(3,033)	61,939	(669)	61,270	2/5	61,270
General Expenses	18,378			(8,182)	10,197		10,197	6	10,197
Capitalisation of Revenue	(3,197)			3,107	(90)		(90)	7	(90)
Depreciation	36,895		(33,611)	(3,284)	0		0	8	0
Indirect Charges	0		9,656		9,656		9,656	9	9,656
Total Direct Expenditure	139,703	(1,957)	(13,601)	(14,473)	109,672	(669)	109,003		109,003
Allocated Costs									
Uplifted Table 6-3	12,372		(1,690)				10,682	(155) 10	10,527
Uplifted agreed C&B allocated cost adjustment								11	(2,933)
2013/14 gainshare adjustment								12	504
Total Expenditure	139,703				109,672	(669)	119,686	(155)	117,102
Net (Under) / Over Recovery	(14,411)				13,173		2,112	155	4,696
Bfwd (under) / over recovery from 2012/13 in pricing									1,252
(Under) / Over Recovery 13/14	(14,411)				13,173		2,112	155	5,948
Balance of bfwd (under) / over recovery not in pricing									(512)
Total (Under)/Over Recovery at 31 March 2014									5,436

Baggage
Notes

- (1) **PCR**
The PCR combines Check-in, CUSS and Baggage income and costs. Check-in and CUSS income and costs have been identified from the PCR system and removed from the Baggage statement.
- (2) **Income**
Adjustment to remove the Head of Stand income and corresponding costs - as this income is charged separately.
- (3) **Staff**
Non-rechargeable staff costs and staff working on capital projects removed.
- (4) **Property Related**
Check-in, CUSS and Non-rechargeable costs removed. Electricity costs from other departments reinstated.
- (5) **Maintenance & Equipment**
Check-in, CUSS, Head of Stands and Non-rechargeable costs removed and Inter company IT and Telecomms costs reinstated.
- (6) **General Expenses**
Non-rechargeable costs removed.
- (7) **Capitalisation of Revenue**
Project related staff costs, maintenance and consultancy capitalisation removed.
- (8) **Depreciation / Capital Charge**
Depreciation removed.
- (9) **Indirect Charges**
Adjustment to include HAL Building maintenance costs.
- (10) **Allocated Costs**
Allocated Costs have been fixed at the level stated in Table 6-3 plus RPI.
- (11) **Allocated Costs adjustment**
Adjustment to incorporate the agreed efficiency savings in allocated costs.
- (12) **Gainshare adjustment**
From 12/13 delivered savings as per NRCG protocol dated April 2010.

**Check-in desks and CUSS
Trading Statement 2013/14
Detail - with Adjustment to Table 6-3**

	PCR £'000	Adjustment £'000	Total £'000	Adjustment to Table 6-3 £'000	Note	Adjusted Trading Statement £'000
Income	5,476	54	5,530			5,530
London 2012 Olympic and Paralympic Games adjustment		278	278		1	278
<hr/>						
Direct Expenditure						
Property Related	1,002	291	1,293		2	1,293
Maintenance & Equipment	955	1,578	2,533		2	2,533
Amortisation		685	685		3	685
London 2012 Olympic and Paralympic Games		278	278		1	278
<hr/>						
Total Direct Expenditure	1,957	2,833	4,790			4,790
<hr/>						
Allocated Costs - Table 6-3 Adjustment	1,375	(800)	575	595	4	1,170
2013/14 allocated cost adjustment					5	(326)
<hr/>						
Total Expenditure	3,331	2,033	5,364	595		5,633
<hr/>						
Net (Under) / Over Recovery	2,145	(1,979)	166	(595)		175
<hr/>						
Bfwd (under) / over recovery from 2013/14 in pricing						0
<hr/>						
(Under) / Over Recovery 13/14	2,145	(1,979)	166	(595)		175
<hr/>						
Balance of bfwd (under) / over recovery not in pricing						79
<hr/>						
Total (Under) / Over Recovery at 31 March 2014						254

**Check-in desks and CUSS
Notes**

- (1) **Income / Cost**
Adjustment to incorporate the agreed income / costs associated with the London 2012 Olympic and Paralympic Games.
- (2) **Maintenance & Equipment / Property Related costs**
Adjustments to include notional site fee and recoverable flight connections validation desk costs.
- (3) **Amortisation**
Fixed at the level stated in Table 6-3 plus RPI.
- (4) **Allocated Costs**
Fixed at the level stated in Table 6-3 plus RPI.
- (5) **Allocated Costs adjustment**
Adjustment to incorporate the agreed efficiency savings in allocated costs.

Other Desk Licences Trading Statement 2013/14 Summary

	<u>2012/13</u> <u>£'000</u>	<u>2013/14</u> <u>£'000</u>
Income	1,482	1,394
Expenditure		
Prior year (under) / over recovery		
Total (Under) / Over Recovery at 31 March 2014	<u>1,482</u>	<u>1,394</u>
3rd party share	100%	100%

Pricing Method

Other Desk Licences are based on an annual rental charge

Other Desk Licences
Trading Statement 2013/14
Detail - with adjustment to Table 6-3

	Term 1 PC 038 £000	Term 2 PC 058 £000	Term 3 PC 078 £000	Term 4 PC 098 £000	Term 5 PC 505 £000	Adjustment PCR £000	Adjustment Total £000	Adjustment to Table 6-3 Note £000	Adjusted Trading Statement £000
Income	268		549	353		224	1,394	1	1,394
Direct Expenditure								2	
Allocated Costs								3	
Total Expenditure									
Net (Under) / Over Recovery	268		549	353			1,394		1,394
Prior year (under) / over recovery									
Total (Under) / Over Recovery at 31 March 2014	268		549	353		224	1,394		1,394

Other Desk Licences
Notes

(1) **Income**

Other desk licence income for Terminal 5 has not been identified in the PCR process, so an adjustment has been made to include it.

(2) **Direct Expenditure**

No direct costs have been identified for Other Desk Licences

(3) **Allocated Costs**

Allocated costs have been fixed at the level stated in Table 6-3.

Staff Car Parking (PC 130)
Trading Statement 2013/14
Summary - 3rd party share with adjustment to Table 6-3

	2012/13	2013/14
	£'000	£'000
Income	19,369	21,711
London 2012 Olympic and Paralympic Games adjustment	975	
Expenditure		
Staff	123	122
Management & Bussing costs	5,832	5,612
Rates	2,242	2,143
Rent	969	937
Maintenance & Equipment and Vehicle Fuel	1,028	1,021
Passenger Transport Levy	352	320
Indirect Charges	5	69
Allocated Costs	4,939	5,081
Annuity	5,762	5,928
Total Expenditure	21,250	21,235
Net (Under) / Over Recovery	(906)	476
Prior year (under) / over recovery	1,730	(151)
London 2012 Olympic and Paralympic Games adjustment	(975)	
Total (Under) / Over Recovery at 31 March	(151)	325
3rd party share	83%	80%
Annual Pass Prices		
Multi Storey Car Parks	£3,250.00	£3,700.00
Perimeter Car Parks	£571.51	£651.03

A £14 levy per pass per annum is included in the above prices to help fund public transport initiatives.

Staff Car Parking (PC 130)
Trading Statement 2013/14
Detail - with 3rd party share and adjustment to Table 6-3

	PCR £'000	Adjustments PCR £'000		Total £'000	3rd Party Share £'000	Adjustment to Table 6-3 £'000	Note	3rd Party Adjusted Trading Statement £'000
					80.32%			
Income	21,711	0	5,321	27,033	21,711		1	21,711
Direct Expenditure								
Staff	0	152		152	122		2	122
Management & Bussing costs	6,987			6,987	5,612			5,612
Rates		2,669		2,669	2,143		3	2,143
Rent		1,167		1,167	937		4	937
Maintenance, Equipment and Vehicle fuel	1,272			1,272	1,021			1,021
General Expenses	2,729	(2,729)					5	0
Capitalisation of Revenue	(930)	930						0
Depreciation / Annuity	97	(97)	8,428	8,428	6,769	(841)	6/7	5,928
Passenger Transport Levy		399		399	320		8	320
Indirect Charges		86		86	69		9	69
Total Direct Expenditure	10,155	2,577	8,428	21,160	16,995	(841)		16,154
Allocated Costs	1,097	739		1,835	1,835	3,246	8	5,081
Total Expenditure	11,252	3,315	8,428	22,996	18,831	2,405		21,235
Net (Under) / Over Recovery	10,459	(3,315)	(3,107)	4,037	2,881	(2,405)		476
Bfwd (under) / over recovery from 2012/13 in pricing								510
(Under) / Over Recovery 13/14	10,459	(3,315)	(3,107)	4,037	2,881	(2,405)		986
Balance of bfwd 2012/13 (under) / over recovery not in pricing								(661)
Total (Under) / Over Recovery to cfwd to 2014 (9 months)								325

Staff Car Parking (PC 130) Notes

(1) **Income**

A notional income has been included for HAL passes.

(2) **Staff**

The staff cost reflects the time of Heathrow staff directly related to the provision of the service. The adjustment is based on 2 FTE's comprising 1 Senior Contract Manager, 25% of a Product Manager and 80% of admin and invoicing support

(3) **Rates**

The rates are based the rateable value of the staff car parks

(4) **Rent**

The rental charge is for the Pionair site leased from Pickering Properties which forms part of the PEX staff car park

(5) **General Expenses**

Removal of general marketing costs which are not rechargeable as part of staff car parking

(6) **Calculation of Annuity (also see Note 6)**

2013/14 £'000	Short Life	Long Life	Land	Total
<u>Assets</u>				
Gross CCA Asset Value (Multi Storey CP's)		22,419		22,419
Gross CCA Asset Value (Surface Car Parks)	3,764	17,238		21,001
Total Gross CCA Asset Value	3,764	39,657		43,421
Cost of Capital	8%	8%		
Representative Life (years)	10	40		
Annuity	561	3,326		3,887
<u>Land</u>				
Land Value (Multi Storey Car Parks)			5,993	5,993
Land Value (Surface Car Parks)			69,703	69,703
Total Land Value			75,696	75,696
Required Yield			6%	
Yield			4,542	4,542
Total Annuity	561	3,326	4,542	8,428

(7) **Allocated Costs and Annuity**

Allocated costs and the annuity for perimeter car parks have been fixed at the level stated in Table 6-3 plus RPI. The annuity charge for terminal adjacent car parks has been adjusted in accordance with the release of spaces.

(8) **Passenger Transport Levy**

Passenger Transport Levy is charged at £14 per pass per annum, there were an average of 33,224 passes in issue during 13/14.

(9) **Indirect Charges**

Adjustment to include internal maintenance charges in direct costs.

**Airside Licences (PC15)
Trading Statement 2013/14
Summary**

	2012/13	2013/14
	£'000	£'000
Income	1,591	1,323
Expenditure		
Staff	643	672
Property Related		(11)
Maintenance & Equipment	5	14
General Expenses	131	123
Depreciation / Capital charge	48	49
Allocated Costs	423	435
Total Expenditure	1,250	1,283
Net (Under) / Over Recovery	341	40
Prior year (under) / over recovery as per 12/13 Trading Statements	(562)	(67)
Heathrow Write Off	100	
2011/12 cost adjustment	54	
Total (Under)/Over Recovery at 31 March 2014	(67)	(27)
3rd party share	93%	93%
Pricing		
Annual charge per licence (£)	3,997	3,248

Airside Licences (PC15)
Trading Statement 2013/14
Detail - with 3rd party share and adjustment to Table 6-3

	Adjustment PCR	PCR £'000	Total	3rd Party Share	Adjustment to Table 6-3 £'000	Note	3rd Party Adjusted Trading Statement £'000
				93%			
Income	1,287	135	1,423	1,323		1	1,323
Direct Expenditure							
Staff	663	60	723	672		2	672
Property Related	(12)		(12)	(11)			(11)
Maintenance & Equipment	15		15	14			14
General Expenses	114	19	132	123		3	123
Depreciation / Annuity	1	21	22	20	29	4/5	49
Total Direct Expenditure	780	100	880	819	29		848
Total Allocated Costs	94	5	98	98	337		435
Total Expenditure	874	105	979	917	366		1,283
Net (Under) / Over Recovery	413	31	444	406	(366)		40
Bfwd (under) / over recovery from 2012/13 in pricing							0
(Under) / Over Recovery 13/14	413	31	444	406	(366)		40
Balance of bfwd 2012/13 (under) / over recovery not in pricing							(67)
Total (Under) / Over Recovery to cfwd to 2014 (9 months)							(27)

Airside Licences (PC15)
Notes

(1) **Income**

There are a number of licenses issued without payment. A notional income is included to reflect these.

(2) **Staff cost adjustment**

An adjustment has been made to include recoverable staff costs in Airside Safety & Compliance and exclude winter allowance payments

(3) **General Expenses Adjustment**

An adjustment has been made to include ramp operations vehicle costs

(4) **Calculation of Annuity**

£'000	2013/14
Building 820 - Airside Licence Facilities	214
Total	214
Cost of Capital	8%
Representative Life (Years)	20
Annuity	22

(5) **Table 6-3 Adjustment**

Annuity and allocated costs have been fixed at the level stated in Table 6-3 plus RPI.

Electricity (PC 99)
Trading Statement 2013/14
Summary - 3rd party share with adjustment to Table 6-3

	2012/13	2013/14
	£'000	£'000
Income	27,122	22,760
Backbilling Income Adjustment	4,246	1,534
<hr/>		
Expenditure		
Electricity	15,155	15,608
Maintenance	0	0
Capital Annuity	5,545	5,705
Allocated costs	2,917	3,002
<hr/>		
Total Expenditure	23,617	24,315
<hr/>		
Net (Under) / Over Recovery	7,750	(21)
<hr/>		
Prior year (under) / over recovery	(807)	4,087
Backbilling Cost Adjustment	2,856	884
<hr/>		
Total (Under) / Over Recovery at 31 March	4,087	3,182
<hr/>		
3rd party share	34.1%	33.8%
<hr/>		
Pricing		
HV Electricity price (pence per kwh)	12.50	10.05
LV Electricity price (pence per kwh)	18.30	15.04

Electricity (PC 99)
Trading Statement 2013/14
Detail - with 3rd party share and adjustment to Table 6-3

	PCR £'000	Adjustment to PCR £'000	Total £'000	3rd party share £'000	Adjustment to Table 6-3 £'000	Note	3rd party adjusted statement £'000
				33.835%			
Income	24,372	46,388	70,761	22,760		1	22,760
Backbilling Income Adjustment				1,534		2	1,534
							24,294
Direct Expenditure							
Electricity cost	74,664	(28,533)	46,131	15,608		3	15,608
Depreciation	255	(255)					
Capital Annuity - Original Infrastructure		6,025	6,025	2,038			
Capital Annuity - Additional Investment by UKPNS		10,899	10,899	3,687	(13,183)	4/5	5,705
Capital Annuity - Additional Investment by HAL		38,899	38,899	13,161			
Total Direct Expenditure	74,919	27,034	101,953	34,496	(13,183)		21,313
Allocated costs	2,997	(1,617)		1,380	1,622		3,002
Total Expenditure	77,916	25,417	101,953	35,875	(11,561)		24,315
Net (Under) / Over Recovery	(53,543)	20,972	(31,192)	(13,116)	11,561		(21)
Bfwd (under) / over recovery from 2012/13 in pricing							3,683
Backbilling Cost Adjustment							
Pre 09/10				111		2	111
09/10				102		2	102
10/11				168		2	168
11/12				217		2	217
12/13				287		2	287
							884
(Under) / Over Recovery 13/14	(53,543)	20,972	(31,192)	(13,116)	11,561		2,778
Balance of bfwd 2012/13 (under) / over recovery not in pricing							404
Total (Under) / Over Recovery at 31 March 2014							3,182

Electricity
Notes

- Income**
Notional HAL income is recharged to Check-in and Baggage
- Backbilling adjustment**
Adjustment for additional revenue for unbilled third party consumption in the periods before 2013/14 and the associated increase in costs.
- Electricity cost**
The UKPNS (formerly LES) Distribution fee has been excluded from costs.
- Capital Annuity**
All capital annuities have been fixed at the rate in Table 6-3 plus RPI.

Original Infrastructure

The Capital Values have been index forward to 94/95 using the WT Indices and from 94/95 to current day using the Retail Price Index. The index increased by 5.35% between 2009/10 and 2010/11.

Calculation of Capital Annuity

2013/14 £'000	Original Infrastructure	UKPNS Investment	Power Supply	Monitoring & Control Equip	Substations	Pit & Duct	Total
<u>Assets</u>							
Gross CCA Asset Value		122,693	303,679	31,379	28,770	77,597	564,118
Cost of Capital		8%	8%	8%	8%	8%	
Representative Life (Years)		30	40	10	40	50	
Annuity	6,025	10,899	25,467	4,676	2,413	6,343	55,822

- Annuity and Allocated costs**
These amounts has then been fixed to Table 6-3 plus RPI.

Fixed Electrical Ground Power (PC 007)
Trading Statement 2013/14
Summary

	2012/13	2013/14
	£'000	£'000
Income	9,490	10,384
Expenditure		
Electricity	3,816	3,162
Maintenance & Equipment	633	705
Depreciation / Annuity	2,409	2,479
Allocated Costs	2,309	2,375
Total Direct Expenditure	9,166	8,721
Net (Under) / Over Recovery	324	1,663
Prior year (under) / over recovery to recover in 2012/13	(1,302)	(1,732)
Prior year (under) / over recovery to recover in 2013/14	(922)	
Ash cloud rebate	168	
Total (Under) / Over Recovery at 31 March	(1,732)	(68)
3rd party share	100%	100%
Number of quarter hour periods charged	2,479,441	2,570,337
Average Electricity Cost per quarter hour periods charged	£1.54	£1.23
Charge per quarter hour period	Nov 12 - Mar 13 Apr 12 - Oct 12	£4.04 £3.68

Fixed Electrical Ground Power (PC 007)
Trading Statement 2013/14
Detail - with Adjustments to Table 6-3

	PCR £'000	Adjustment £'000	Total £'000	Adjustment to Table 6-3 £'000	Note	Adjusted Trading Statement £'000
Income	10,384		10,384			10,384
Direct Expenditure						
Electricity Costs		3,162	3,162		1	3,162
Maintenance & Equipment		705	705		2	705
Depreciation / Annuity	845	3,125	3,970	(1,492)	3/4	2,479
Total Direct Expenditure	845	6,992	7,837	(1,492)		6,345
Allocated Costs	34	280	313	2,062		2,375
Total Expenditure	879	7,271	8,150	570		8,721
Net (Under) / Over Recovery	9,505	(7,271)	2,234	(570)		1,663
Bfwd (under) / over recovery from 2012/13 in pricing						(2,009)
(Under) / Over Recovery 13/14	9,505	(7,271)	2,234	(570)		(345)
Balance of bfwd 2012/13 (under) / over recovery not in pricing						277
Total (Under) / Over Recovery at 31 March 2014						(68)

Fixed Electrical Ground Power Notes

(1) **Electricity**

Adjustment to include internal cost of electricity.

(2) **Maintenance & Equipment**

Adjustment to include internal maintenance charges in direct costs.

(3) **Calculation of Annuity**

	2013/14
	£'000
Infrastructure	
Gross CCA Asset Value	38,979
Cost of Capital	8%
Representative Life (Years)	20
Total Annuity	3,970

	2013/14	FEGP	Controls	Pit & Ducts
	£'000	£'000	£'000	£'000
Infrastructure	15.1	15.1	-	-
T1 Pier 4	286.4	286.4	-	-
T1 Pier 4A	4,597.8	4,597.8	-	-
T1 Main Building	208.7	208.7	-	-
T1 Pier 3	1,338.7	1,338.7	-	-
T1 Euro lounge/Europier	-	-	-	-
T2 Pier 1	-	-	-	-
T2 Pier 2	-	-	-	-
T3 Pier 5	226.6	226.6	-	-
T3 Pier 7	814.9	814.9	-	-
T4 Passenger Terminal	6,512.6	6,512.6	-	-
Terminal 5 Concourse A	6.7	-	-	6.7
Control Post 24	16.7	16.7	-	-
Sub Station 30	381.1	381.1	-	-
Building 820	666.5	666.5	-	-
T3 Building	-	-	-	-
T4 ABF1 Stands S1	2,928.5	2,183.5	704.7	40.3
Other	20,978.9	11,646.3	573.7	8,758.9
Stands	38,979	28,895	1,278	8,806

(4) **Allocated Costs & Annuity**

Fixed at the level stated in Table 6-3 plus RPI.

Heating and Ventilation (PC189, PC191 and PC192)
Trading Statement 13/14
Summary - 3rd party share with adjustment to Table 6-3

	2012/13	2013/14
	£'000	£'000
Income	1,388	1,305
Expenditure		
Staff	166	141
Gas costs	611	423
Maintenance & Equipment	156	100
General Expenses	4	1
Indirect Charges	162	79
Capitalisation	(3)	(10)
Allocated Costs	319	328
Annuity	602	620
Total Expenditure	2,017	1,681
Net (Under) / Over Recovery	(629)	(377)
Prior year (under) / over recovery		
Total (Under) / Over Recovery at 31 March 2014	(629)	(377)
3rd party share	12%	11%
Pricing Method		
Price per sq ft	£1.18	£1.22

Heating and Ventilation (PC189, PC191 and PC192)
Trading Statement 2013/14
Summary - with 3rd party share and adjustment to Table 6-3

	BH 448 £'000	BH523 £'000	BHT4 £'000	BH T5 £'000	TOTAL £'000	3rd Party Share	Adjustment to Table 6-3 £'000	Note	3rd Party Adjusted Trading Statement £'000
						10.97%			
Income	5,453	19	1,697	4,721	11,890	1,305			1,305
Direct Expenditure									
Staff	967			314	1,281	141			141
Gas costs	2,373	138	661	679	3,851	423			423
Maintenance & Equipment	443	25		448	916	100			100
General Expenses	10				10	1			1
Capitalisation	(88)				(88)	(10)			(10)
Annuity	1,011	169	1,982	4,432	7,593	833	(214)	1	620
Indirect charges	461	227	32		720	79			79
Total Direct Expenditure	5,176	559	2,675	5,872	14,282	1,567	(214)		1,353
Total Allocated Costs	207	22	107	235	571	63	265	2	328
Total Expenditure	5,383	581	2,782	6,107	14,854	1,630	52		1,681
Net (Under) / Over Recovery	70	(562)	(1,085)	(1,386)	(2,963)	(325)	(52)		(377)
Prior year (under) / over recovery									
Total (Under) / Over Recovery at 31 March 2014	70	(562)	(1,085)	(1,386)	(2,963)	(325)	(52)		(377)

Notes

- (1) **Annuity**
Fixed at the level stated in table 6-3 plus RPI.
- (2) **Allocated Costs**
Fixed at the level stated in table 6-3 plus RPI.

Heating and Ventilation - Boilerhouse 448 (PC189)
Trading Statement 2013/14
Summary - 100% of Income and Costs

	Adjusted Statement 2012/13 £'000	Adjusted Statement 2013/14 £'000
Income	5,274	5,453
Expenditure		
Staff	907	967
Gas costs	2,778	2,373
Maintenance & Equipment	465	443
General Expenses	31	10
Capitalisation of Revenue	(24)	(88)
Indirect Charges	953	461
Allocated Costs	1,589	207
Annuity	986	1,011
Total Expenditure	7,685	5,383
(Under) / Over Recovery	(2,411)	70
Area Served (square feet)	4,469,730	4,469,730
Price per square foot (pence)	118	122
Cost per square foot (pence)	172	120

Heating and Ventilation - Boilerhouse 448 (PC189)
Trading Statement 2013/14
Detail

	PCR £'000	Adj £'000	Note	Adjusted Trading Statement £'000
Income	524	4,929	1	5,453
Direct Expenditure				
Staff	967			967
Gas costs	4,133	(1,760)	2	2,373
Maintenance & Equipment	443			443
General Expenses	10			10
Capitalisation of Revenue	(88)			(88)
Depreciation / Annuity	7	1,004	3	1,011
Indirect Charges		461	4	461
Total Direct Expenditure	5,472	(296)		5,176
Total Allocated Costs	219	(12)		207
Total Expenditure	5,692	(308)		5,383
(Under) / Over Recovery	(5,167)	5,237		70

Heating and Ventilation - Boilerhouse 448 (PC189)

Notes

(1) **Income**

Replace direct and indirect income (which are not comprehensive) with notional income based on output. It is assumed that all HAL usage is charged on a per sq ft basis.

Total Heat Output (kwh)	10,394,000
Area served apportioned to non-metered consumption (sq ft)	4,469,730
Selling Price per sq ft	£1.22
Total non-metered income	£5,453,071
Total income (metered and non-metered)	£5,453,071

(2) **Gas Costs**

Adjustment, using consumption, to allocate validated gas costs to individual boiler houses

(3) **Calculation of Annuity**

2013/14 £'000	Plant	Buildings	Monitor & Control Equip	Electrical & Fire Alarms	Furniture, Fittings & Office Equip	Hot Water Mains	Land	Total
<u>Assets</u>								
Gross CCA Asset Value	5,338	1,432	0	71	14	3,553		10,407
Cost of Capital	8%	8%	8%	8%	8%	8%		
Representative Life (Years)	20	50	5	20	5	50		
Annuity	544	117	0	7	3	290		962
<u>Land</u>								
Total Land Value							826	826
Required Yield							6%	
Yield							50	50
Total Annuity	544	117	0	7	3	290	50	1,011

(4) **Maintenance & Equipment**

Adjustment to include internal maintenance charges in direct costs

Heating and Ventilation - Boilerhouse 523 (PC191)
Trading Statement 2013/14
Summary - 100% of Income and Costs

	Adjusted Statement 2012/13 £'000	Adjusted Statement 2013/14 £'000
Income	49	19
Expenditure		
Gas costs	438	138
Maintenance & Equipment	112	25
Indirect Charges	347	227
Allocated Costs	434	22
Annuity	165	169
Total Expenditure	1,495	581
(Under) / Over Recovery	(1,446)	(562)
Gas consumption (kwh)	1,864,158	445,275
Price per kWh (pence)	2.61	4.19
Cost per kWh (pence)	80.20	130.47

Heating and Ventilation - Boilerhouse 523 (PC191)
Trading Statement 2013/14
Detail

	PCR £'000	Adjustment £'000	Note	Adjusted Trading Statement £'000
Income	0	19		19
Direct Expenditure				
Gas costs		138	1	138
Maintenance & Equipment		25		25
Depreciation / Annuity		169	2	169
Indirect Charges		227	3	227
Total Direct Expenditure	0	559		559
Allocated Costs		22		22
Total Expenditure	0	581		581
(Under) / Over Recovery	0	(562)		(562)

Heating and Ventilation - Boilerhouse 523 (PC191)
Notes

(1) **Gas Costs**

Adjustment, using consumption, to allocate validated gas costs to individual boiler houses

(2) **Calculation of Annuity**

2013/14 £'000	Plant	Fire Alarms	Buildings	Distribution System	Land	Total
<u>Assets</u>						
Gross CCA Asset Value	44	76	1,469	113		1,701
<u>Cost of Capital</u>						
Representative Life (Years)	20	20	50	50		
Annuity	4	8	120	9		142
<u>Land</u>						
Total Land Value					451	451
<u>Required Yield</u>						
Yield					6%	
					27	27
Total Annuity	4	8	120	9	27	169

(3) **Maintenance & Equipment**

Adjustment to include internal maintenance charges in direct costs

Heating and Ventilation - Terminal 4 Boilerhouse (PC192)
Trading Statement 2013/14
Summary - 100% of Income and Costs

	Adjusted Statement 2012/13 £'000	Adjusted Statement 2013/14 £'000
Income	1,642	1,697
Expenditure		
Gas costs	651	661
Indirect Charges	49	32
Allocated Costs	345	107
Annuity	1,929	1,982
Total Expenditure	2,974	2,782
(Under) / Over Recovery	(1,333)	(1,085)
Area Heated (square feet)	1,391,235	1,391,235
Price per square foot (pence)	118	122
Cost per square foot (pence)	214	200

Heating and Ventilation - Terminal 4 Boilerhouse (PC192)
Trading Statement 2013/14
Detail

	PCR £'000	Adjs £'000	Note	Adjusted Trading Statement £'000
Income	171	1,526	1	1,697
Direct Expenditure				
Gas costs		661	2	661
Depreciation / Annuity	12	1,970	3	1,982
Indirect charges		32	4	32
Total Direct Expenditure	12	2,663		2,675
Allocated Costs		107		107
Total Expenditure	12	2,770		2,782
(Under) / Over Recovery	159	(1,244)		(1,085)

Heating and Ventilation - Terminal 4 Boilerhouse (PC192)
Notes

(1) **Income**

Income shown is a notional income based on the heating rent per square foot.

Total Area served (sq ft)	1,391,235
Selling Price per sq ft	£1.22
Total Income	<u>£1,697,307</u>

(2) **Gas Costs**

Adjustment, using consumption, to allocate validated gas costs to individual boiler houses

(3) **Calculation of Annuity**

2013/14 £'000	Plant	H&V Plant	Buildings	Land	Total
<u>Assets</u>					
Gross CCA Asset Value	1,408	14,922	3,353		
Cost of Capital	8%	8%	8%		
Representative Life (Years)	20	20	50		
Annuity	143	1,520	274		1,937
<u>Land</u>					
Land Value				740	
Required Yield				6%	
Yield				44	44
Total Annuity	143	1,520	274	44	1,982

(4) **Maintenance & Equipment**

Adjustment to include internal maintenance charges in direct costs

**Heating and Ventilation - Terminal 5 Energy Centre
Trading Statement 2013/14
Summary - 100% of Income and Costs**

	Adjusted Statement 2012/13 £'000	Adjusted Statement 2012/13 £'000
Income	4,566	4,721
Expenditure		
Staff	470	314
Gas costs	1,209	679
Maintenance & Equipment	722	448
Allocated Costs	1,083	235
Annuity	4,326	4,432
Total Expenditure	7,810	6,107
(Under) / Over Recovery	(3,244)	(1,386)
Area Heated (square feet)	3,869,679	3,869,679
Price per square foot (pence)	113	122
Cost per square foot (pence)	202	158

Heating and Ventilation - Terminal 5 Energy Centre Trading Statement 2013/14 Detail

	PCR £'000	Adjs £'000	Note	Adjusted Trading Statement £'000
Income	609	4,112	1	4,721
Direct Expenditure				
Staff		314		314
Gas costs		679	2	679
Maintenance and Equipment	1	447	3	448
Depreciation / Annuity		4,432	4	4,432
Total Direct Expenditure	1	5,871		5,872
Allocated Costs		235		235
Total Expenditure	1	6,106		6,107
(Under) / Over Recovery	608	(1,994)		(1,386)

Heating and Ventilation - Terminal 5 Energy Centre Notes

(1) Income

A notional income is calculated based on the heating rent per square foot.

Total Area served (sq ft)	3,869,679
Selling Price per sq ft	£1.22
Total notional income	£4,721,009

(2) Gas Costs

Adjustment, using consumption, to allocate validated gas costs to individual boiler houses

(3) Maintenance & Equipment

Adjustment to include internal maintenance charges in direct costs.

(4) Calculation of Annuity

2013/14 £'000	Chillers	Electrical & Fire Alarms	Plant Buildings	Other	Total	
<u>Assets</u>						
Gross CCA Asset Value	7,673	12,443	21,982	3,574	282	45,955
Cost of Capital	8%	8%	8%	8%	8%	
Representative Life (Years)	15	20	30	50	75	
Annuity	896	1,267	1,953	292	23	4,432

Water & Sewerage (PC 194)
Trading Statement 2013/14
Summary - 3rd party share with adjustment to Table 6-3

	2012/13	2013/14
	£'000	£'000
Income	1,296	1,582
Backbilling Income Adjustment	110	143
<hr/>		
Expenditure		
Staff	225	212
Water	659	629
Maintenance & Equipment	49	57
General Expenses	(7)	1
Allocated costs	199	205
Depreciation / Annuity	171	176
<hr/>		
Total Expenditure	1,297	1,281
<hr/>		
Net (Under) / Over Recovery	109	444
<hr/>		
Prior year (under) / over recovery	(468)	(359)
Backbilling Cost Adjustment	81	110
Cap backbilling to CAA decision 3rd party share	(81)	(110)
<hr/>		
Total (Under) / Over Recovery at 31 March	(359)	85
<hr/>		
3rd party share	31%	26%
3rd Party Consumption (cubic metres)	560,863	502,179
Average Water purchase price per cubic metre (£)	1.18	1.25
<hr/>		
Pricing		
Average Water & Sewerage charge per cubic metre (£)	2.81	3.65

Water & Sewerage (PC 194)
Trading Statement 2013/14
Detail - 3rd party share with adjustment to Table 6-3

	PCR £'000	Adj PCR £'000	Total £'000	3rd Party share £'000	Adjustment to Table 6-3 £'000	Note	3rd Party Adjusted Trading Statement £'000
				26.4%			
Income	1,725	5,018	6,743	1,582		1	1,582
Backbilling Income Adjustment				143		2	143
							1,725
Direct Expenditure							
Staff	1,692	(888)	803	212		3	212
Water	2,383		2,383	629		4	629
Maintenance & Equipment	218		218	57			57
General Expenses	2		2	1			1
Depreciation / Annuity	255	8,905	9,160	2,418	(2,242)	5/6	176
Internal Water	(122)	122					
Total Direct Expenditure	4,428	8,139	12,567	3,317	(2,242)		1,076
Allocated Costs	177	(44)		133	72		205
Total Expenditure	4,605	8,095	12,567	3,450	(2,169)		1,281
Net (Under) / Over Recovery	(2,880)	(3,076)	(5,823)	(1,868)	2,169		444
Bfwd (under) / over recovery from 2012/13 in pricing							(525)
Backbilling Cost Adjustment							
08/09				8		2	8
09/10				16		2	16
10/11				25		2	25
11/12				19		2	19
12/13				43		2	43
Cap backbilling to CAA decision 3rd party share							110
							(110)
(Under) / Over Recovery 12/13	(2,880)	(3,076)	(5,823)	(1,868)	2,169		(81)
Balance of bfwd 2012/13 (under) / over recovery not in pricing							166
Total (Under) / Over Recovery at 31 March 2014							85

Water & Sewerage (PC 194)
Notes

- Income**
Income is stated after including notional income for HAL usage.
- Backbilling adjustment**
Adjustment for additional revenue for unbilled third party consumption in the periods before 2012/13 and the associated increase in costs.
- Staff Costs**
Staff costs adjusted to reflect time spent on Water and Sewerage only (Time spent on other water related activities including Environmental are excluded).
- Water**
Adjustment to reflect actual costs of Potable water and Sewerage only.

(5) **Calculation of Annuity**

	Plant	Buildings	Water Mains	Total
2013/14 £'000				
<u>Assets</u>	1,636	77,724	29,912	109,272
Gross CCA Asset Value				
Cost of Capital	8%	8%	8%	
Representative Life (Years)	10	40	80	
	244	6,518	2,398	9,160

Annuity

- (6) **Allocated Costs and Capital Charge**
Fixed at the level stated in Table 6-3 plus RPI.
- (7) **Allocated Depreciation and Sundry Income**
Removal of depreciation and inter-company income relating to group assets (IT) held on Heathrow's books.
- (8) **Internal Water**
Adjustment to remove internal maintenance charges in direct costs.

Security Documentation (PC016)
Trading Statement 2013/14
Summary

	2012/13	2013/14
	£'000	£'000
Income	3,562	2,815
Expenditure		
Staff	514	605
Property Related	102	103
Maintenance & Equipment	676	156
Indirect Charges - Electricity	18	15
Annuity	93	96
General Expenses and BSC processing costs	255	293
Allocated Costs	1,553	1,598
Total Expenditure	3,210	2,866
Net (Under) / Over Recovery	352	(51)
Prior year (under) / over recovery	2,099	2,450
One off rebate		(2,308)
Total (Under) / Over Recovery at 31 March 2014	2,450	92
3rd party share	80%	80%

Detailed pricing information is available on the General Notice

Security Documentation (PC016)

Trading Statement 2013/14

Detail - with third party share and Adjustment to Table 6-3

	PCR £'000	Adjustmen £'000	Total £'000	3rd Party Share £'000	Adjustment to Table 6-3 £'000	Note	3rd Party Adjusted Trading Statement £'000
				80%			
Income	507	3,003	3,510	2,815		1/6	2,815
Direct Expenditure							
Staff	754		754	605			605
Property Related		128	128	103		3	103
Maintenance & Equipment	195		195	156			156
General Expenses and BSC processing costs	365		365	293			293
Depreciation / Annuity	1	222	223	179	(83)	2/5	96
Indirect Charges - Electricity		19	19	15		4	15
Total Direct Expenditure	1,315	369	1,684	1,351	(83)		1,268
Allocated Costs	158	4	162	162	1,436		1,598
Total Expenditure	1,473	374	1,847	1,513	1,353		2,866
Net (Under) / Over Recovery	(966)	2,629	1,663	1,302	(1,353)		(51)
Bfwd (under) / over recovery from 2012/13 in pricing							2,048
(Under) / Over Recovery 13/14	(966)	2,629	1,663	1,302	(1,353)		1,997
Balance of bfwd 2012/13 (under) / over recovery not in pricing							402
One off rebate						6	(2,308)
Total (Under) / Over Recovery at 31 March 2014							92

Security Documentation (PC016) Notes

- (1) **Income**
Income is stated after including notional income for HAL passes.

- (2) **Calculation of Annuity**

Assets	5 Year £'000	10 Year £'000	15 Year £'000	20 Year £'000	30 Year £'000	40 Year £'000	50 Year £'000	Total £'000
Computers & Office Equipment	135	-	-	25	-	-	-	160
Fixtures & Fittings	122	11	-	-	-	-	-	133
Buildings & Structures	-	-	154	1,028	272	-	26	1,480
Safety & Security Systems	23	-	1	-	-	-	-	23
Total Capital Cost	279.4	10.6	154.9	1,053.5	272.0	-	25.6	1,796.0
Cost of Capital (pre-tax real)	8%	8%	8%	8%	8%	8%	8%	
Representative Life (Years)	5	10	15	20	30	40	50	
Annuity	70.0	1.6	18.1	107.3	24.2	-	2.1	223

- (3) **Property Related Costs**

An property charge has been included as this has not been charged through the normal mechanism.

	Sq m	£/Sq m	Amt (£)
Space occupied	264		
Notional rent		£215.28	56,843
Maintenance		£176.77	42,830
Waste		£250.00	2,608
Rates		£110.70	26,050
			128,332

- (4) **Indirect Costs - Electricity Costs**

An electricity charge has been included as this has not been charged through the normal mechanism.

Units (kwh)	124,415
Price per unit	£0.1504 (From Heathrow 2013/14 General Notice)
Total	£18,712

- (5) **Allocated Costs & Capital Charge**

Fixed at the level stated in Table 6-3 plus RPI.

- (6) **One off Rebate**

This exceptional solution has been agreed with the airlines, is due to the size of the over recovery relative to the cost base and will remove the requirement to significantly reduce prices/income going into 2014/15.

**Bus and Coach Services
Trading Statement 2013/14
Summary**

	2012/13	2013/14
	£'000	£'000
Income	1,477	1,617
Expenditure		
Staff	28	29
Property Related	157	188
Internal Maintenance	121	216
Management Fee	1,452	1,519
Depreciation / Annuity	919	945
Allocated Costs	2,959	3,045
Total Expenditure	5,636	5,942
(Under) / Over Recovery at 31 March 2014	(4,159)	(4,325)
Prior year (under) / over recovery	-	-
Total (Under) / Over Recovery at 31 March 2014	(4,159)	(4,325)
3rd party share	86%	86%

Pricing is made up of a combination of charges per departing movement for public bus and coach services and courtesy coaches and annual permits for hotel and charter coaches.

Bus and Coach Services
Trading Statement 2013/14
Summary - with third party share and Adjustment to Table 6-3

	Public Bus & Coach Services £'000	Hotel Coaches £'000	Charter Coaches £'000	Courtesy Coaches £'000	Total £'000	3rd Party Share £'000	Adjustment to Table 6-3 £'000	Note	3rd Party Adjusted Trading Statement £'000
						86%			
Income	650	182	936	117	1,885	1,617		1	1,617
Direct Expenditure									
Staff	12	3	17	2	33	29		2	29
Property Related	213		6		220	188		3	188
Internal Maintenance	225		26		252	216		4	216
Management Fee	1,110		661		1,771	1,519		5	1,519
Depreciation / Annuity	1,059		166		1,224	1,050	(105)	6/7	945
Total Direct Expenditure	2,619	3	876	2	3,500	3,003	(105)		2,897
Allocated Costs	314	0	105	0	420	360	2,684	7	3,045
Total Expenditure	2,933	4	981	2	3,920	3,363	2,579		5,942
(Under) / Over Recovery at 31 March 2014	(2,283)	178	(45)	115	(2,035)	(1,746)	(2,579)		(4,325)
Prior year (under) / over recovery									
Total (Under) / Over Recovery at 31 March 2014	(2,283)	178	(45)	115	(2,035)	(1,746)	(2,579)		(4,325)

Public Bus Services (PC 150)
Trading Statement 2013/14
Detail

	PCR £'000	Adjs to PCR £'000	<i>Note</i>	Adjusted Trading Statement £'000
Income	1,744	(1,094)	1	650
Direct Expenditure				
Staff		12	2	12
Property Related	17	197	3	213
Internal Maintenance		225	4	225
Management Fee	1,110			1,110
Depreciation / Annuity	3	1,056	6	1,059
Total Direct Expenditure	1,130	1,489		2,619
Total Allocated Costs	136	179		314
Total Expenditure	1,265	1,668		2,933
(Under) / Over Recovery at 31 March 2014	479	(2,762)		(2,283)

Hotel Coaches (PC 155)
Trading Statement 2013/14
Detail

	PCR £'000	Adjs to PCR £'000	<i>Note</i>	Adjusted Trading Statement £'000
Income		182		182
Direct Expenditure				
Staff		3	2	3
Total Direct Expenditure		3		3
Total Allocated Costs		0		0
Total Expenditure		4		4
(Under) / Over Recovery at 31 March 2014		178		178

Charter Coaches (PC 156)
Trading Statement 2013/14
Detail

	PCR £'000	Adjs to PCR £'000	<i>Note</i>	Adjusted Trading Statement £'000
Income		936		936
Direct Expenditure				
Staff		17	2	17
Property Related		6	3	6
Internal Maintenance		26	4	26
Management Fee		661	5	661
Depreciation / Annuity		166	6	166
Total Direct Expenditure		876		876
Total Allocated Costs		105		105
Total Expenditure		981		981
(Under) / Over Recovery at 31 March 2014		(45)		(45)

Off Airport Courtesy Coaches (PC 144)
Trading Statement 2013/14
Detail

	PCR £'000	Adjs to PCR £'000	<i>Note</i>	Adjusted Trading Statement £'000
Income		117		117
Direct Expenditure Staff		2	2	2
Total Direct Expenditure		2		2
Total Allocated Costs		0		0
Total Expenditure		2		2
(Under) / Over Recovery at 31 March 2014		115		115

Bus and Coach Services Notes

- (1) **Public Bus Services - Income**
Income attributable to public bus services has been adjusted to include notional income in respect of local buses which use the Central Bus Station.
- (2) **Staff**
An adjustment has been made to include direct costs of HAL staff issuing permits.
- (3) **Property Related**
An adjustment has been made to include the direct costs of the cleaning and grounds maintenance of the Central Bus Station and West Ramp Coach Park plus rent paid to London Underground Ltd for a staff restroom.
- (4) **Internal Maintenance**
An adjustment has been made to include the indirect maintenance costs of the Central Bus Station and West Ramp Coach Park.
- (5) **Management Fee**
An adjustment has been made to include the element of the NSL fee that relates to the management and operation of the West Ramp Coach Park.
- (6) **Annuity**
The capital charge is intended to represent both the depreciation in respect of assets employed by a particular activity, and an agreed rate of return on those assets. No margin is made in respect of operating costs or allocated costs.

Land is included at values derived from rating valuations. The rate of return used for land is 6%. The gross replacement costs of assets are as recorded in the Heathrow fixed asset register. The T3 coach park split between public bus services and charter services is based on number of bays used.

£'000	Information Systems	Furniture Signs etc	Electrical Systems	Lifts	Surface Const.	Drainage	Land	Total
Public Bus Services								
Central Bus Station	45	11	518	494	7,816	63	2,822	11,769
Central Bus Station - Waiting Lounge			61		243			303
T3 Coach Park					160		544	704
T5		2	206		443			651
	45	14	784	494	8,661	63	3,366	13,428
Cost of Capital	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	6.0%	
Representative Life (Years)	5	5	20	25	50	75	-	
Annuity	11	3	80	46	708	5	202	1,056
Charter Coaches								
West Ramp Coach Park					164		1,766	1,930
West Ramp Coach Park - Building		5	5		60			70
T3 Coach Park					140		476	616
	-	5	5	-	364	-	2,242	2,615
Cost of Capital	8%	8%	8%	8%	8%	8%	6%	
Representative Life (Years)	5	5	20	25	50	-	-	
Annuity	-	1	1	-	30	-	134	166
Total Annuity	11	5	80	46	738	5	336	1,222

Land Areas	Total Acres	Value £000 /acre	Total	Public Bus	Charter Coach
Central Bus Station	2.13	1,325	2,822	2,822	
West Ramp Coach Park	2.05	1,325	2,716		@65% 1,766
T3 Coach Park	0.77	1,325	1,020	544	476
				3,366	2,242

- (7) **Allocated Costs & Annuity**
Fixed at the level stated in Table 6-3 plus RPI.

**Passengers with Restricted Mobility
Trading Statement 2013/14
Summary**

	2012/13	2013/14
	£'000	£'000
Income	13,618	17,512
Expenditure		
Staff	184	190
Property Related	957	990
Provision of Service	15,466	15,944
Olympics	403	
Total Direct Expenditure	17,010	17,124
Net (Under) / Over Recovery	(3,392)	388
Prior year (under) / over recovery	694	(2,698)
Total (Under)/Over Recovery at 31 March 2014	(2,698)	(2,310)
3rd party share	100%	100%

**Passengers with Restricted Mobility
Trading Statement 2013/14
Detail**

	PCR £'000	Adjustment £'000	Total £'000	Adjustment to Table 6-3 £'000	Note	Adjusted Trading Statement £'000
Income	17,512		17,512		1	17,512
Direct Expenditure						
Staff		190	190		2	190
Assistance Bus/PRM Transport (Help Bus)		199	199		3	199
Porterage		312	312		4	312
Telecoms			0			0
Property Related Maintenance & Equipment		990	990		5	990
Provision of Service		4	4			4
General Expenses	16,508	15,421 (16,500)	15,421 8		6	15,421 8
Total Direct Expenditure	16,508	616	17,124			17,124
Allocated Costs	660	25	685	(685)	7	0
Total Expenditure	17,168	641	17,809	(685)		17,124
Net (Under) / Over Recovery	344	(641)	(297)	685		388
Bfwd (under) / over recovery from 2012/13 in pricing						(2,297)
(Under) / Over Recovery 13/14	344	(641)	(297)	685		(1,909)
Balance of bfwd 2012/13 (under) / over recovery not in pricing						(401)
Total (Under) / Over Recovery at 31 March 2014						(2,310)

**Passengers with Restricted Mobility
Notes**

(1) **Income**

Category	Price April- Mar 2014	Apr - Mar Number of departing passengers	April - March Income £'000s
1 (> 65%)	0.44	33,194	14,605
2 (50% > 64.99%)	0.85	1,943	1,652
3 (<50%)	1.75	717	1,255
Total Income		35,854	17,512

(2) **Staff Costs**

Adjustment to include recoverable staff costs

(3) **Assistance Bus/PRM Transport (Help Bus)**

Adjustment to include rechargeable Help Bus costs

(4) **Porterage Costs**

Adjustment to include rechargeable porterage costs

(5) **Property Costs**

The property charge has been separated from the provision of service cost line below. This is for the areas occupied by the supplier for the provision of the service

(6) **Provision of Service**

The provision of service charge has been separated from the General Expenses cost line below

(7) **Table 6-3**

PRM charges were introduced in July 2008 and therefore were not included as a Specified Activity in Table 6-3 in the CAA's Q5 settlement. As a result the above trading statement excludes items relating to capital charges, internal charges and allocated charges.

